



Los Angeles County AUDIT COMMITTEE

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January 13, 2011

TO: All Department Heads

FROM: Louisa Ollague, Chair
Audit Committee

SUBJECT: BOARD POLICY ON RESPONSES TO AUDIT REPORTS

Board of Supervisors Policy 4.050, Audit Follow-Up, (attached) requires departments to take timely action in response to audits of County operations, and to respond in writing to any audit recommendations, disallowances or questioned costs.

To clarify the Board policy and to assist the Auditor-Controller (A-C) in issuing audit reports timely, the Audit Committee expects departments to respond in writing to A-C audit reports within 30 days of receiving the draft report. This will allow the A-C to attach the department's response and/or corrective action plan to the final report before it is issued to the Board of Supervisors. Departments may take longer than 30 days to respond with the agreement of the A-C.

If the A-C does not receive a department's response within 30 days (or longer if the A-C agrees), the A-C will issue their final report to the Board without the department's written response. In these instances, Board Policy 4.050 requires departments to respond in writing to the Board within 60 days after delivery of the A-C's final audit report. If a law or external funding source requires a shorter response time (e.g., if a federal law requires responses within 30 days, etc.) departments are still required to meet those shorter response times.

Please call Jim Schneiderman at 213 253-0101 if you have any questions.

c: Wendy L. Watanabe, Auditor-Controller



Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
4.050	Audit Follow-Up	12/07/95

PURPOSE

Establishes procedures requiring all County Departments to take timely actions in response to audits of County operations, including services provided by contract vendors resulting in recommendations for improvement, disallowances, or questioned costs.

REFERENCE

March 1, 1983 Board Order, [Synopsis 92](#)

April 13, 1983 Auditor-Controller Memorandum, "[Audits by Outside Agencies](#)"

December 7, 1995 Audit Committee Meeting [Minutes](#), Policy Amendment

April 4, 2000 Board Order, [Synopsis 17](#)

POLICY

On December 7, 1995, at the request of the Auditor-Controller, the Audit Committee amended this policy. Changes are in italics.

Departmental Role

Primary responsibility for audit follow-up rests with the Department Head, or other County officer, charged with the responsibility for managing any program which is the subject of an audit. Where multiple officers are involved, the Chief Administrative Office (CAO) shall designate a lead agency with the responsibility

for coordinating responses and required actions. Each Department Head, or other County officer, must provide for a formal audit follow-up system which includes the following elements:

1. Departments will respond in writing to the Board of Supervisors, the CAO, the Grand Jury, and the Auditor-Controller any audit recommendations, disallowances, and questioned costs within 60 days after delivery of the audit report. This policy also pertains to audits performed by outside agencies. If a funding source or law mandates a shorter response time, such requirements must be met.
2. Departments will determine the disposition of audit recommendations, disallowances, and questioned costs. Departments will provide to the Auditor-Controller and the CAO their resolution with specific corrective action plans and time limits to accomplish their plan. If a funding source or law mandates a shorter response time, such requirements must be met.
3. Departments will determine the allowability of costs in audits resulting in questioned costs. Final resolution must be obtained from the funding source, if necessary.
4. *Annually*, departments will provide the Auditor-Controller a summary listing on the status of all recommendations until the recommendation(s) have been implemented or an acceptable alternate disposition has been agreed to, *except for the more significant audit recommendations whose status will continue to be reported semi-annually.*
5. Departments will consult with the CAO to determine resolution of audit disagreements with the Auditor-Controller, or with the Auditor-Controller on disagreements with other auditors.
6. Departments will maintain accurate records of all audit reports and related significant findings.
7. Any deviation from the above policy requires the approval of the Auditor-Controller and the CAO.

County Auditor-Controller Role

1. The Auditor-Controller, as part of their regular work plan, will provide for a review of audit follow-up actions instituted by County officers. Unless otherwise directed or when circumstances clearly indicate an earlier review is warranted, the Auditor-Controller review will be included in any subsequent scheduled audit of the County officer involved.

2. The Auditor-Controller's role will be to ascertain that the departments are in compliance with the Board policy.
4. As appropriate, the Auditor-Controller will inform the Board of Supervisors of any individual follow-up problem(s) regarding audit recommendations, disallowances, and questioned costs.

RESPONSIBLE DEPARTMENT

Auditor-Controller

DATE ISSUED/SUNSET DATE

Issue Date: March 1, 1983

Re-issue Date: December 7, 1995

Review Date: July 22, 2004

Sunset Review Date: December 7, 2003

Sunset Review Date: December 7, 2011